

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY QUITO PRIORITY

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QUITO FOR ASSISTANT SECRETARY JACK B KUBISCH

FOLLOWING SENT ACTION SECSTATE INFO CALI, MEDELLIN FROM BOGOTA
MAR 13 REPEATED YOU:

QUOTE

LIMITED OFFICIAL USE BOGOTA 2180

E.O. 11652: NA

TAGS: ETRD, CO

SUBJ: PRESS COVERAGE ON COUNTERVAILING DUTY-CUT FLOWERS

REF: BOGOTA 2132

1. REACTION TO COUNTERVAILING DUTY PROCEEDINGS MADE FRONT
PAGES OF 3 OF BOGOTA 4 IMPORTANT DAILIES MARCH 13, WITH
FIRST STORIES WRITTEN LOCALLY INSTEAD OF TAKEN FROM WIRE
SERVICES. LONG ARTICLE IN EL TIEMPO HEADLINED "MINOR
EXPORTS TO U.S. ENDANGERED". QUOTES AT LENGTH ATTACK
BY DIRECTOR OF COLOMBIAN FLORISTS ASSN AGAINST U.S. ACTION
HE CHARGES THAT COUNTERVAILING DUTY LAW BEING APPLIED
IN DISCRIMINATORY FASHION TO COLOMBIAN FLOWERS (WITHOUT
EXPLAINING IN WHAT WAY IT IS DISCRIMINATORY) AND THAT
LAW THREATENS ALL OF COLOMBIA'S MINOR EXPORTS (I.E.,
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ALMOST EVERYTHING EXCEPT COFFEE) EXCEPT THOSE UNDER

QUOTAS SUCH AS SUGAR AND TEXTILES. HE CONTINUES WITH SPIRITED POLEMIC THAT WOULD BE EXPECTED FROM TRADE GROUP AFFECTED BY PROCEEDINGS, ALLEGING CONTRAST WITH DECLARATIONS BY PRESIDENT NIXON AND SEC KISSINGER ABOUT TRADE COOPERATION WITH LDC'S. HE CLAIMS COLOMBIAN FLOWERS SUBJECTED TO 100 PERCENT IMPORT DUTY FEW MONTHS AGO, APPARENTLY REFERRING TO REVALUATION FOR CUSTOMS PURPOSES FOLLOWING RECENT UNDERINVOICING INVESTIGATION. MOST INTERESTINGLY, PERHAPS HE CHARACTERIZES CAT SYSTEM AS FOREIGN EXCHANGE COMPENSATION RATHER THAN A SUBSIDY. HE PREDICTS COUNTERVAILING DUTY WILL SURELY BE APPLIED WITHIN A FEW WEEKS.

2. SAME ARTICLE QUOTES ECONOMIC SECRETARY TO THE PRESIDENT AS EXPRESSING GOC CONCERN AND ALSO SAYING U.S. ACTION CONTRADICTS SECRETARY'S PROPOSALS TO MEXICO CITY. HE SAYS FOREIGN TRADE OFFICIALS HAVE BEGUN TO LOOK FOR ALTERNATIVES TO TAX REBATE SYSTEM (CAT) AND THAT ONE POSSIBILITY WOULD BE TO ESTABLISH A RATE OF DEVALUATION THAT WILL COMPENSATE FOR REDUCTIONS IN THE CAT. (COLOMBIA PRESENTLY HAS SYSTEM OF GRADUAL SLIDING DEVALUATION.)

3. LA REPUBLICA REPORTS THAT HEAD OF GOC'S EXPORT PROMOTION FUND (PROEXPO) SAYS PROCEEDINGS VERY SERIOUS AND IMPLY DISCRIMINATORY AND UNJUST TREATMENT. HE ALSO MAKES POINT THAT OTHER COLOMBIAN EXPORTS BENEFITING FROM CAT THREATENED. HE SAYS GOC HAS BEGUN NEGOTIATIONS WITH USG ON POSSIBLE NEW REGULATIONS FOR THESE EXPORTS.

4. THIRD ARTICLE, IN EL ESPECTADOR, MORE RESTRAINED. IT QUOTES HEAD OF FOREIGN TRADE INSTITUTE (INCOMEX) AS SAYING MERELY THAT GOC STUDYING MEASURES NECESSARY FOR A REASONABLE SOLUTION TO PROBLEM.

5. COMMENT: ONE COMMON THEME IN THESE STORIES, AND IN OUR CONVERSATIONS, IS COLOMBIAN ASSUMPTION THAT CAT IS IN FACT CONTRARY TO COUNTERVAILING DUTY LAW. COLOMBIAN FLOWER ASSN LEADERS HAVE TOLD EMBOFFS THAT THEIR EXPORTS TO U.S. WOULD CONTINUE AT CURRENT RATE EVEN WITHOUT THE CAT BUT WOULD NOT CONTINUE TO GROW. GIVEN LOCAL PRESS PLAY ALEDGING 100 PERCENT INCREASE IN IMPORT LIMITED OFFICIAL USE

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DUTIES WOULD APPRECIATE PROMPT RESPONSE TO INFORMATION REQUESTED
PARA 5, BOGOTA 2048.
WHITE

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